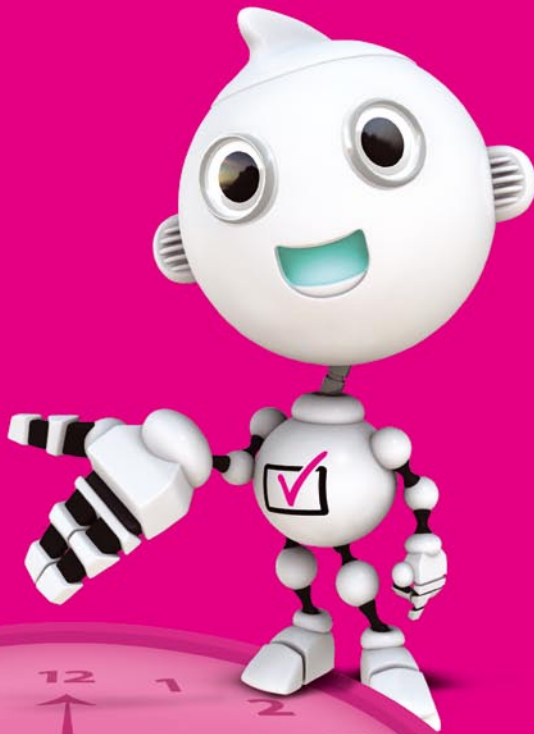


# digitaluk

Annual Review 2005/2006



get set for digital 



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# **Chairman's comments: Barry Cox**



**Digital UK has made a successful start to its task of leading the country through the long switch from analogue to digital television.**

We have been set up by the public service broadcasters (BBC, ITV, Channel 4, Five, S4C and Teletext), plus the two terrestrial commercial multiplex operators, SDN and National Grid Wireless. All of our shareholders have obligations under their Ofcom licences (or the Charter and Agreement in the case of the BBC) to organise themselves collectively to achieve digital switchover. Digital UK is the vehicle through which they are doing this.

While delivering the Government policy of switching off the terrestrial analogue TV signals is purely the business of the six public service broadcasters, digital television is a much bigger marketplace, and we have worked hard to secure the co-operation of the other platforms in satellite, cable and broadband distribution. It also relies heavily on co-ordination with retailers and manufacturers, and we invited those sectors to nominate non-voting director representatives onto our board.

The structure is complex, but the accountabilities are clear and we take particular satisfaction from the effective working relationships that exist between Digital UK and its board members, manufacturers, retailers, consumer groups, Sky, ntl:Telewest, Freeview, Ofcom and Government.

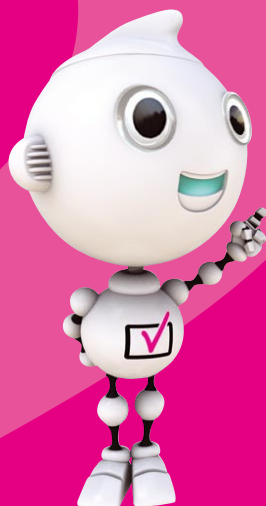
Nonetheless the challenge is serious. While the number of rejecters of digital TV is small – perhaps 3 percent – the Government is still finalising the detail of how its Targeted Help Scheme (for over 75's and the severely disabled) will work, and we are still assessing how we will deal with landlords, managing agents, and people living in rented accommodation.

The Board is delighted with the performance of Ford Ennals and his accomplished, committed team in our first year. We are grateful for the strong support of Government and Ofcom, and the willingness of industry and consumer stakeholders to work with us.

We will continue in these positive partnerships for another seven years until the switchover is complete.

**Barry Cox**  
Chairman

# Chief Executive's comments: Ford Ennals





**Digital switchover is the biggest change in broadcasting in the UK since colour was introduced in 1967. It is a programme that will change television for good: the way people receive TV, how they watch, what they watch and the television equipment they buy. Switchover will provide universal availability of free digital TV via an aerial and release spectrum for the benefit of many.**

Digital UK is now well established and leading the implementation of digital switchover, working with all stakeholders through the digital switchover programme structure.

One year on from the Secretary of State's announcement of the timetable for digital switchover, I am satisfied with the progress made and believe that we remain on track to deliver in the agreed 2008-2012 timeframe.

Digital TV is popular with everybody, particularly older consumers, and it is this popularity, added to the promotion of the benefits of digital TV from broadcasters and platform providers, that has built digital penetration to over 70%.

But there is still plenty that remains to be done. 58% of TVs still rely on an analogue signal, many people will choose to

replace their recorders, and some will have to upgrade their aerials. Many people will convert late in the day. We will continue to monitor our progress and forecast trends in digital conversion, nationally and by region, through the Ofcom/Digital UK Switchover Tracker research.

We have made a successful start to our programme of communications and assistance, building awareness of digital switchover and focussing on preparing the residents of the four lead regions, Border, West Country, Wales and Granada.

The recently announced lead area project in Whitehaven provides us with a good opportunity to refine our communications and assistance programme, while bringing the residents of Whitehaven a range of digital TV options for the first time, in October 2007.

I would like to acknowledge the hard work and commitment of all those who have actively contributed to the Digital Switchover Programme and to thank the Digital UK team for their great commitment and their helpful leadership. I do not underestimate the challenges ahead but I am confident that we are well equipped to deal with them.

**Ford Ennals**  
Chief Executive



A large, stylized number '3' is positioned on the left side of the page. It is composed of two shades of pink: a darker pink for the main outline and a lighter pink for the inner curves. The number is partially cut off on the left edge.

# Switchover: an introduction

The UK switchover programme is underway. It is a very complex undertaking which requires a robust programme framework and detailed planning and monitoring.



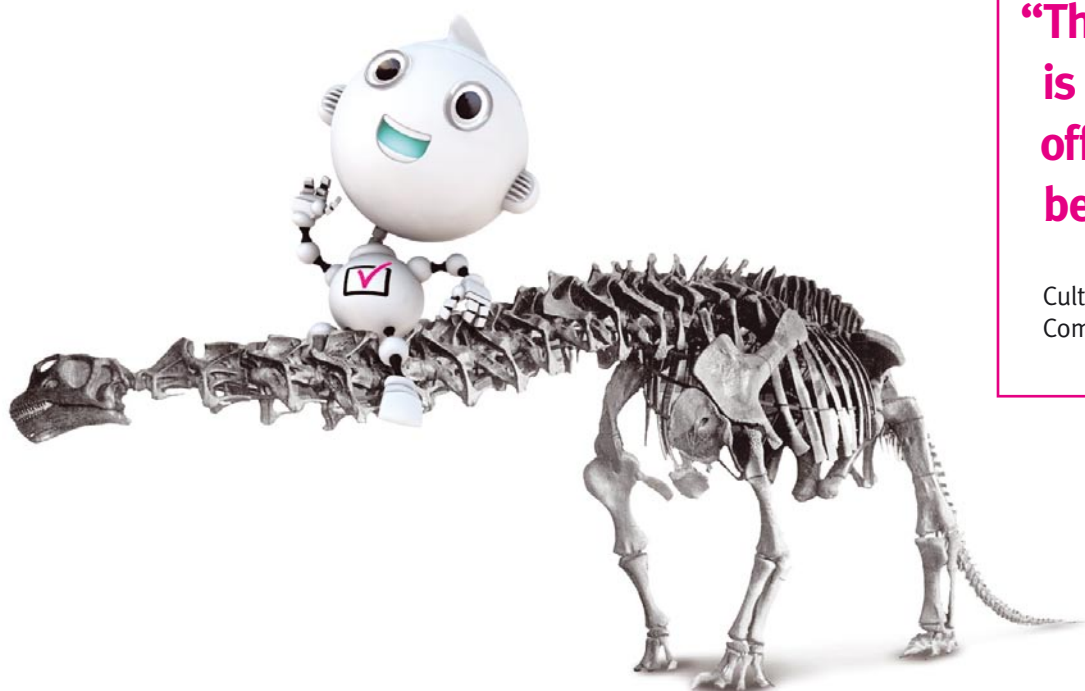
**“In the 12 months since the Secretary of State’s announcement**

**confirming switchover, retailers and manufacturers have been highly responsive. They have significantly stepped up the development of the digital TV equipment market to provide customers with a good digital mix of products. The large screen TV market will be completely digital by February 2008.”**

Danny Churchill, Supply Chain Group

## **Why is switchover happening?**

- **Switchover makes it fairer.**  
The majority of UK homes currently have digital TV. However, one in four cannot get it via their aerial and many still cannot receive Five. Only by switching off the existing ‘analogue’ broadcasting system is it possible to boost the digital signal and get it to parts of the country that can’t currently receive it.
- **Digital TV is more efficient.**  
It frees up airwaves that could be used for new services such as mobile TV or high definition TV.
- **We are a world leader in broadcasting.** Moving to the best available technology to replace our ageing network will ensure the UK continues as a world leader in broadcasting.



**“The move to digital is unstoppable and offers considerable benefits.”**

Culture, Media and Sport Select  
Committee Report, March 2006

## Switchover: the story

<b>1996</b>	First legislative framework for digital terrestrial television (DTT) in the Broadcasting Act
<b>March 1997</b>	Channel Five launches
<b>June 1997</b>	The regulator, the Independent Television Commission (ITC) awards spectrum for new DTT services to BBC, ITV and Channel 4 (as Digital 3&4) and British Digital Broadcasting (BDB)
<b>October 1998</b>	BSkyB launches 'Sky Digital'
<b>November 1998</b>	ONdigital, a pay terrestrial service, launches
<b>April 2000</b>	ONdigital re-brands as ITV Digital
<b>2001</b>	Government forms the Digital Television Action Plan, a cross industry project to assess feasibility of switchover
<b>May 2002</b>	ITV Digital closes
<b>July 2002</b>	The three pay-for multiplexes are relicenced for a free service to the BBC and Crown Castle (now National Grid Wireless)
<b>October 2002</b>	Freeview launches
<b>July 2003</b>	The Communications Act 2003 provides the legal framework for switchover
<b>September 2003</b>	Government publishes a cost benefit analysis for switchover, concluding that it would create a net value of £1.5-£2bn to UK plc
<b>March 2004</b>	Top Up TV, a pay upgrade to Freeview, launches
<b>April 2004</b>	Ofcom publishes 'Driving Digital Switchover' supporting the transition to digital TV
<b>April 2004</b>	The BBC publishes 'Progress towards achieving digital switchover'
<b>October 2004</b>	The DTAP publishes its final report, 'The Digital Action Plan'
<b>October 2004</b>	BBC, ITV, Channel 4, Five, S4C, Teletext and commercial multiplex licensees convene to create a 'shadow SwitchCo' working team; the successor to the DTAP charged with moving switchover from policy into implementation
<b>December 2004</b>	Ofcom issues 'Digital Replacement Licences' to the commercial public service broadcasters (ITV, Channel 4, Five and Teletext) requiring them to achieve switchover by 2012
<b>March 2005</b>	The Department for Culture, Media and Sport publishes the BBC Green Paper, setting out the BBC's obligations to take a leading role in switchover, and mirroring the requirements placed on the commercial PSBs
<b>April 2005</b>	Digital UK (as SwitchCo Ltd) is incorporated



## What is digital TV?

Digital TV is the latest way to broadcast pictures and sound. It offers more choice and it can also offer better picture and sound quality.





With digital TV you'll receive all your usual channels and many more as standard including BBC Three, BBC Four, BBC News 24, CBBC, CBeebies, CITV, ITV2, ITV3, More 4, Film 4, E4, S4C-2 (in Wales), Teletext Cars, Sky News, Five US and Five Life.

And if you choose to take out a subscription, you can receive even more channels including sport, films, music and add-on services such as digital television recording.

Viewers are also able to receive digital radio stations and interactive services via the red button allowing, for example, enhanced and customised coverage of sports broadcasting, news and weather.

Additionally, there are services such as subtitling and audio description for people with hearing and sight impairments.

Digital TV can be received in four ways:

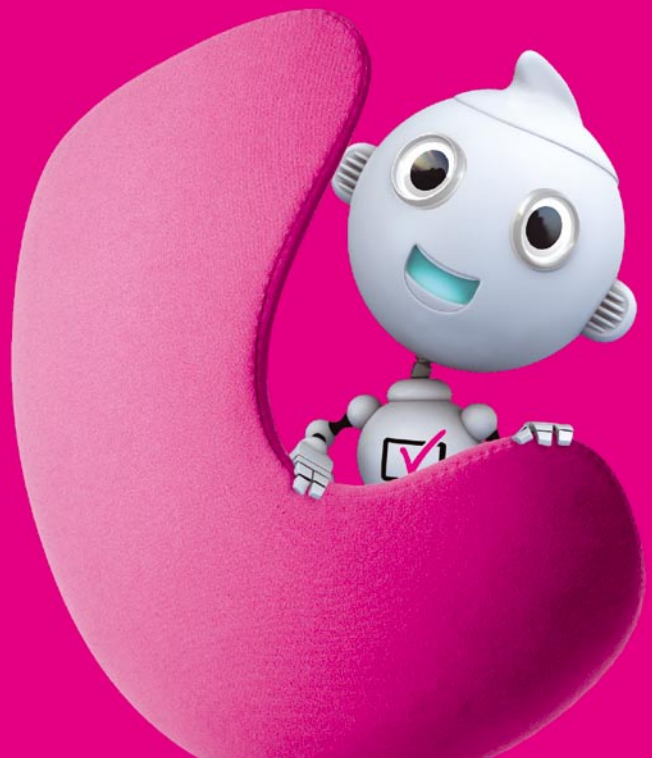
-  Through an aerial (Freeview, Top Up TV)
-  Through a satellite dish (Sky, Freesat from Sky)
-  Through a cable (ntl:Telewest, Wight Cable North, Wight Cable)
-  Through a phone line (HomeChoice)

There are subscription and non-subscription options. You can add a digital box to your current television set or upgrade to a digital TV set.

### Digital Dividend Review

**Spectrum is being released from the switch-off of analogue television signals. Ofcom will publish the Digital Dividend Review Consultation in late 2006. This will outline the decision process about use of the spectrum and ensure that public policy considerations are taken into account. Potential uses for the released spectrum could include high definition services, mobile television, and other new services.**

# **Digital UK: our ownership and board**





**Digital UK is the independent, not-for-profit company set up in April 2005 to lead the Government's policy of digital switchover: switching off analogue terrestrial television services, and requiring viewers to migrate to digital television platforms (satellite, cable, broadband or digital terrestrial) between 2008 and 2012.**

Digital UK's Members are those carrying legal obligations to achieve switchover: BBC, ITV, Channel Four, Five, S4C and Teletext, and the commercial multiplex operators SDN and National Grid Wireless.

Each of these Members makes a financial contribution to Digital UK's operations and nominates one individual to represent them on the Board, except the BBC which has two nominated individuals on the Board.

The Board comprises Representative Directors from each of the Member companies (two from the BBC), two nominated representatives from the supply chain, the Chairman, Chief Executive and Director of Operations. Other senior Digital UK staff regularly attend board meetings.

Digital UK has also invited two nominated representatives of the supply chain industries (consumer equipment manufacturers and retailers) to sit on the Board in a non-executive capacity to allow them to plan for manufacturing, distribution, marketing and retailing of consumer equipment in alignment with the switchover plan.

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**Mission:** Transforming the UK's television

**Goal:** Lead the switchover and help everyone convert to digital TV

**Values:** Helpful, Expert, Leading, Prepared





Top Row: Beth Thoren (Digital UK), Arshad Rasul (S4C), Simon Pitts (SDN), Christy Swords (ITV), Mike Hughes (Digital UK), Danny Churchill (Supply Chain Representative), Grant Murray (Five), Nigel Beighton (Teletext), Tim Davie (BBC).

Bottom Row: Caroline Thomson (BBC), Andy Townend (Digital UK Executive Director), Barry Cox (Chairman), Ford Ennals (Digital UK Executive Director), Steven Marshall (NGW), Alex Pumfrey (Digital UK), David Scott (Channel 4).

Laurence Harrison (Intellect – not pictured).

## The Board

**Nigel Beighton**  
**Barry Cox**  
**Danny Churchill**  
**Tim Davie**

Chief Technical Officer, Teletext  
Chairman, Digital UK  
Supply Chain Group representative  
Director, Marketing, Communication and Audiences, BBC

**Ford Ennals**  
**Laurence Harrison**

Chief Executive, Digital UK  
Intellect UK (Supply Chain Group representative)

**Steven Marshall**  
**Grant Murray**  
**Simon Pitts**  
**Arshad Rasul**  
**David Scott**  
**Christy Swords**

CEO, National Grid Wireless  
Director of Finance, Five  
Managing Director, SDN  
Director of Engineering and Technology, S4C  
Consultant, Channel 4

**Caroline Thomson**  
**Andy Townend**

Director of Regulatory Affairs and Managing Director, ITV London  
Chief Operating Officer, BBC  
Director of Operations, Digital UK

The Directors also form two committees: the Remuneration Committee and the Audit Committee. Each committee is chaired by a nominated Director, and two other Directors join them on the committee. Caroline Thomson chairs the Remuneration Committee and Grant Murray chairs the Audit Committee.

## Alternates

**Peter Ansell**  
**David Burge**  
**Stephen Harris**  
**Nerys Hopkins**  
**Clare Salmon**

Chief Technical Officer, SDN  
Controller of Broadcast Services, Five  
Director, National Grid Wireless  
Secretary to the S4C Authority  
Director of Marketing and Commercial Strategy, ITV

**Jonathan Thompson**  
**Richard Waghorn**

Director of Strategy and Research, Channel 4  
Controller, Distribution, BBC Strategy

## Platform Advisory Group



## Consumer Groups



## Digital UK also works closely with the following groups:

- Retailers, Installers and Manufacturers: in their representation on Digital UK's board, at monthly communications forums, and many other regular meetings.
- Consumer Interests: via the Consumer Expert Group (CEG). This group was set up by the Department for Culture, Media, and Sport to report to the Secretary of State on a range of issues which affect consumers, assessing the interests of older and vulnerable people, as well as the costs involved and the functionality of equipment that households would be asked to adopt. Progress is being made on consumer protection issues, including the usability of technology on sale and the endorsement of the 'digital tick' logo.
- Programme co-ordination: with Government and Ofcom, managing the Switchover Programme (see 6)
- The digital platform operators: Through representation on the monthly Platform Advisory Group, Sky, ntl:Telewest and Freeview advise Digital UK. Digital UK is committed to platform neutrality: that is, not biasing its communications materials to any one platform within the context of digital switchover.



**"I'm delighted to see all the good work being complemented by**

**excellent progress at Digital UK throughout its first year, and that the switchover campaign has launched not only nationally but where the real test will lie: on the ground, at the local level. Actually, I have a house in Cumbria and fully intend to be the Border region's most persistent mystery shopper..."**

Caroline Thomson, Chief Operating Officer, BBC



# **Digital switchover (DSO) programme: our work and status**



**digitaluk**

## Digital UK: a year in the life

Date	Milestone
12 April 2005	'SwitchCo Ltd' is incorporated
23 May 2005	Ford Ennals appointed as Chief Executive
15 September '05	At the Cambridge Royal Television Society conference Tessa Jowell, Secretary of State for Culture, Media and Sport, reiterates the Government's commitment to switchover and sets out the 2008-2012 regional timetable, and provides early details of the Targeted Help Scheme
16 September '05	Digital UK launches its consumer communications
1 October 2005	The House of Commons Culture, Media and Sport Select Committee begins taking evidence in their inquiry into digital switchover; Digital UK appears before the Committee in December and evidence closes in January
December 2005	Digital UK launches consumer communications in the Border region (the first region to switch in starting in late 2008, in line with its commitment to inform consumers of switchover three years in advance)
March 2006	The Select Committee publishes their report on digital switchover, concluding that the conversion to digital "carries considerable benefits for all and is unstoppable"
3 April 2006	Digital UK and Ofcom launch the Switchover Tracker: an 8,000+ household survey to monitor awareness and understanding of switchover as well as conversion of TV sets and recorders
5 May 2006	Digital UK launches its first nationwide campaign of communications and assistance, incorporating the 'Digit Al' character as the guide to switchover. Regional communications are also provided in the first 3 regions: Border, West Country and Wales
26 July 2006	Digital UK and Ofcom publish the first quarterly report of the Switchover Tracker survey, showing national awareness at 66% and a 13 percentage point increase resulting from the May campaign

## Roles and responsibilities

### Digital UK:

**Digital UK (as SwitchCo Ltd) was formed with the brief to implement the policy. During the reporting year to the end of March 2006, Digital UK has organised its resources to achieve the three key tasks:**

- **Achieving the digital rollout:** planning and co-ordinating the technical rollout of a high-power digital terrestrial television (DTT) network, region by region, to a timetable set by the Government and which spans the years 2008 to 2012.
- **Communicating the message:** making sure that everyone knows what is happening, when it's happening, and what they need to do.
- **Working with our stakeholders:** from TV equipment manufacturers, retailers and installers to digital platform operators, local authorities, consumer groups and many other interested groups.

The company employed a total of 19 people at the financial year-end.

### Government:

- The policy for digital switchover is jointly owned by the Department for Culture, Media and Sport (DCMS) and the Department of Trade and Industry (DTI).

- Switchover is Government policy; it was their decision to commit to digital broadcasting, and it is their role to explain to the public the reasons why it is happening.
- With the switchover timetable agreed, the Government is determining the financial assistance package which will be available to vulnerable groups and, with the BBC, is deciding how this should be managed and administered.
- In terms of implementation, Government will work to ensure digital conversion in the public sector.
- The Government is also responsible for enabling the BBC and S4C to play a full role in switchover.

### Ofcom:

**Ofcom's responsibilities that relate to switchover include:**

- Making sure that there is fair and effective competition in the communications industries.
- Gathering and publishing data on developments in the sector.
- Ensuring that commercial broadcasters and multiplex operators comply with their licence obligations, and making any necessary variations to those licences.
- Managing spectrum, a fundamental element of switchover, and negotiating on behalf of the UK at the Regional Radiocommunications Conference.



**“I believe the supply chain has been pleased with progress so far.**

**They feel that Digital UK have done a good job in getting a lot of disparate interests around the same table, but also want to see that they have the teeth to make switchover happen unhindered.”**

Danny Churchill, Supply Chain Group

## The Switchover Programme

At the heart of switchover is the ‘Switchover Programme’ that we have established with Government (Department for Culture, Media and Sport and the Department of Trade and Industry) and Ofcom, the media regulator. With Digital UK charged with implementing switchover, Government is responsible for the switchover policy, and Ofcom acts in support of the Programme, ensuring that the regulation underpinning switchover is in place.

The Programme sets out the full scope of switchover, taking in everything from the engineering project to convert the country’s 1,154 transmitters to our close work with consumer groups who are dealing with questions and concerns out in the communities.

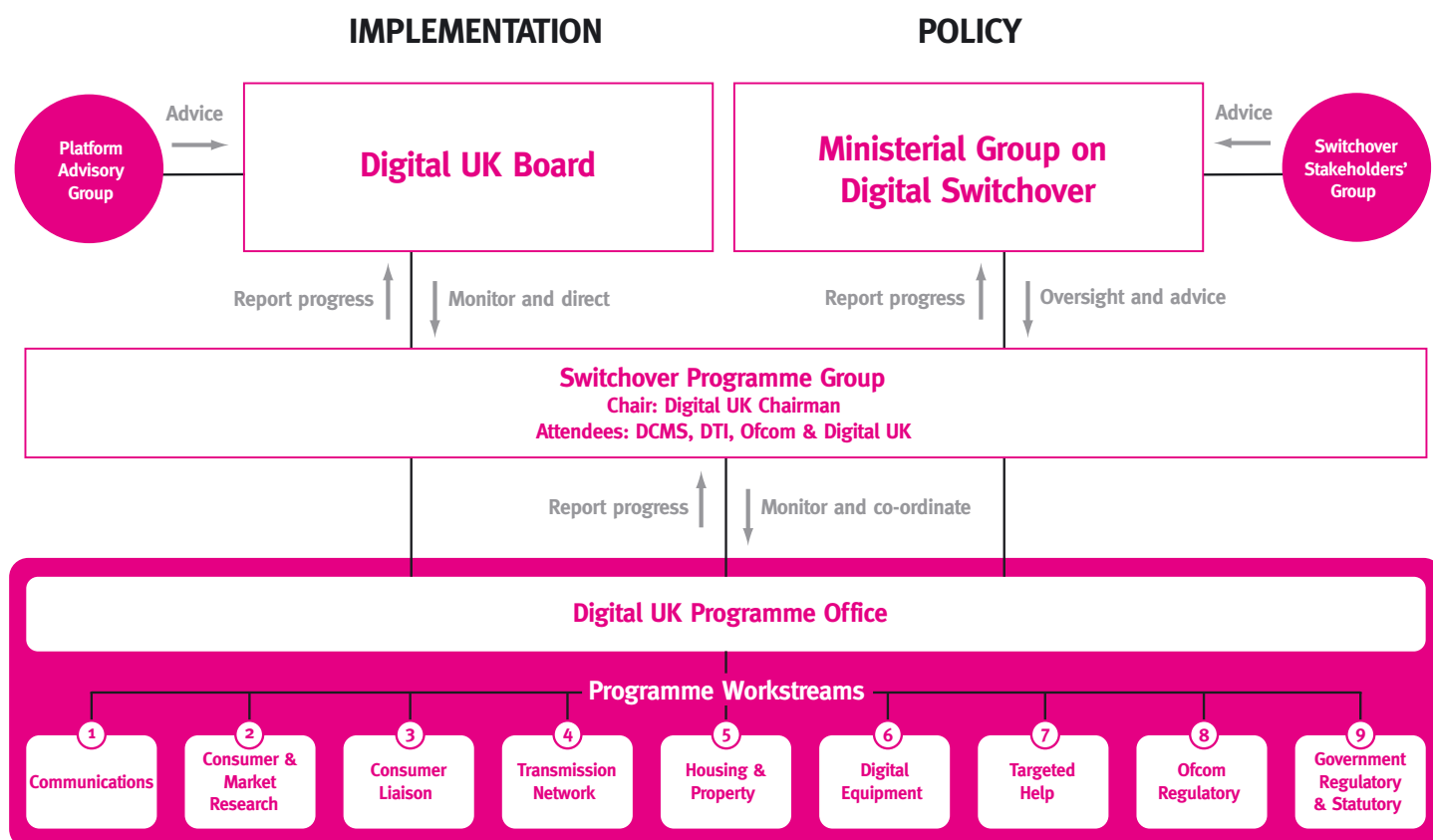
The Switchover Programme Structure was published by Digital UK, Government and Ofcom in January 2006: an agreement on how the work would be structured and managed.

Digital UK runs a programme office that spans all work towards switchover, liaising with project

managers in Government and Ofcom. The three organisations meet once a month at the Switchover Programme Group to review progress, to identify and address issues.

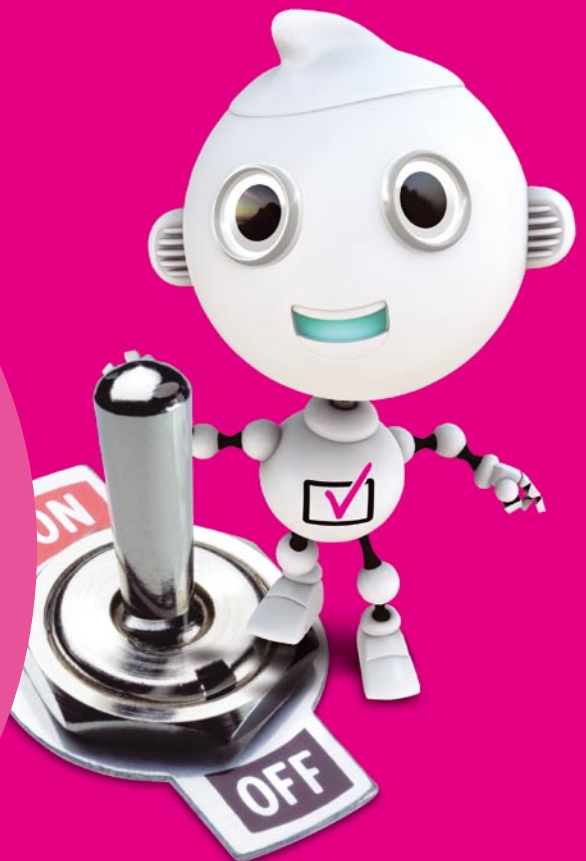
In addition we have a rigorous annual audit and review of the Programme’s structure and activities by the Office of Government Commerce (OGC).

The diagram summarising this structure is shown below.



# Switchover: the timetable and the technical task

The core activity of the switchover programme is the conversion of the existing transmitter network from analogue to digital. The scale of this exercise is unprecedented but terrestrial digital technology is fully understood and already in use, providing DTT broadcasts covering around 18 million UK homes.



## The Technical Task

The UK is served by around 1,150 transmitter masts which vary in size from 300m high to the equivalent of a telegraph pole. All these sites broadcast the familiar analogue channels (BBC One and BBC Two, ITV 1, Channel 4) and in most cases, Five. In addition, 80 of these sites already broadcast low-powered DTT.

The switchover task involves increasing the power of DTT at the current digital sites and its introduction at the other 1,070. At each site as the analogue services are switched off they

will be replaced by high power DTT. However, until that point analogue and low power DTT services will be maintained – presenting one of the many engineering challenges for Arqiva and NGW (the companies who own and maintain the transmitter network).

Another major challenge is presented by the weather. On the taller masts it is not sensible to plan structural or installation work other than in the period April to October. If there is a bad summer the plan can be significantly affected so we have scheduled a contingency

of two summers where there is significant work to be undertaken at height.

Two of the sites – at Caldbeck and Blackhill – require brand new masts to handle the high power requirements. Others will need to be strengthened or extended before the new equipment can be installed. This helps to explain why the engineering programme for switchover extends over a seven year period.



**“As we move into Digital UK’s second year, everything is now stepping up a gear. They have co-ordinated the transmission companies well in terms of finalising the technical design requirements of switchover. The task is fully understood, and Digital UK is doing a good job in providing leadership, and making sure everything and everyone is aligned and on schedule.”**

Steven Marshall, Chief Executive Officer,  
National Grid Wireless

## The switchover schedule

Transmitters tend to be operated in groups or ‘families’. Typically a large ‘main’ transmitter will not only provide service to households in its coverage area but it will also provide a feed to a number of ‘relays’ which then extend coverage beyond the reach of the main transmitter or fill in holes in the main transmitter coverage. For example, London is served by the Crystal Palace transmitter which feeds 53 relays in London and the surrounding area.

There are about 65 ‘families’ of transmitters in the UK and the transmitters within each ‘family’ have to be switched over at the same time to ensure that disruption to services is minimised.

Switchover will take place in a phased operation across the 65 ‘families’ of transmitters starting with Selkirk and its relays in 2008 and concluding with the Ulster region at the end of 2012. (The Channel Islands is currently planned for 2013.)

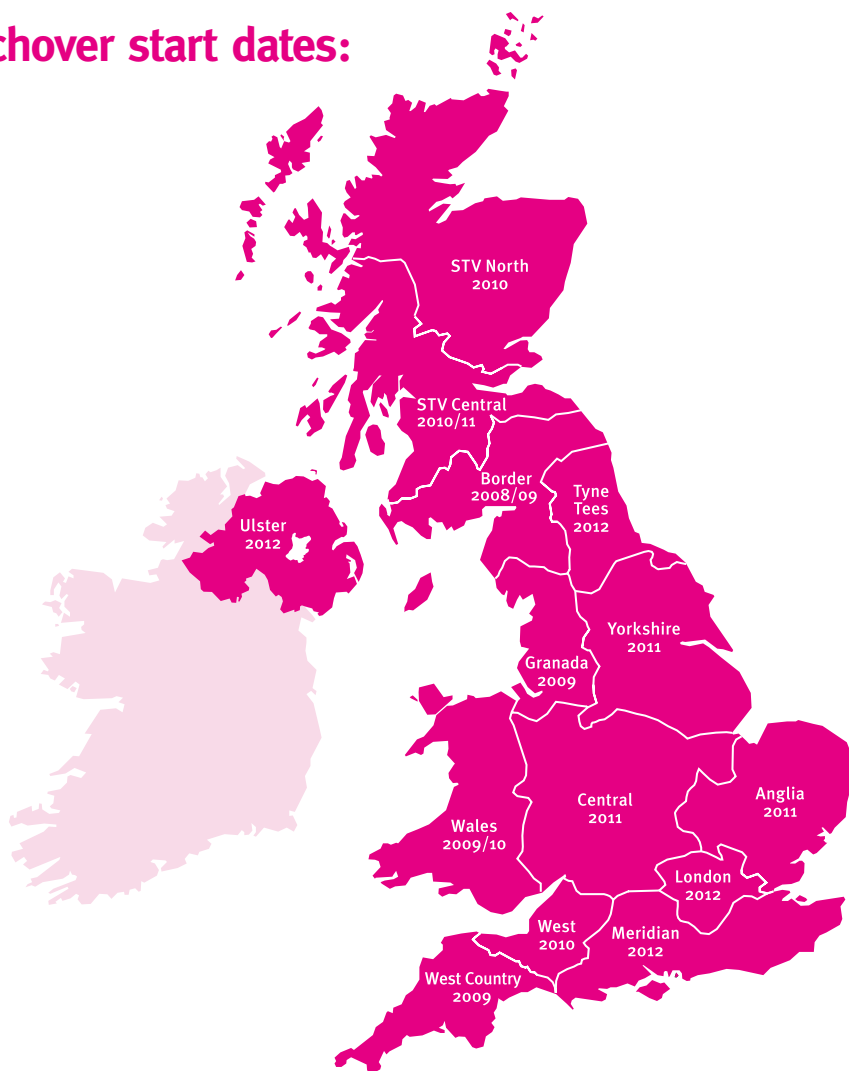
In September 2005 the Government announced confirmation of the regional level timetable proposed by Digital UK.\*

Switchover start dates in:	
2008/09	Border
2009	West Country, Granada
2009/10	Wales
2010	West, STV North
2010/11	STV Central
2011	Central, Yorkshire, Anglia
2012	Meridian, London, Tyne Tees, Ulster

\*The Channel Islands are not formally part of the UK’s digital switchover plan and decisions about timing and strategy for digital switchover are for the States of Guernsey and the States of Jersey Governments. They are liaising closely with Digital UK and are working with Ofcom, the UK Government and French authorities to agree a timetable for conversion of the existing analogue network to digital television.

Within each region, switchover will happen transmitter by transmitter. And we are on track to meet that timetable.

### Switchover start dates:





## Whitehaven

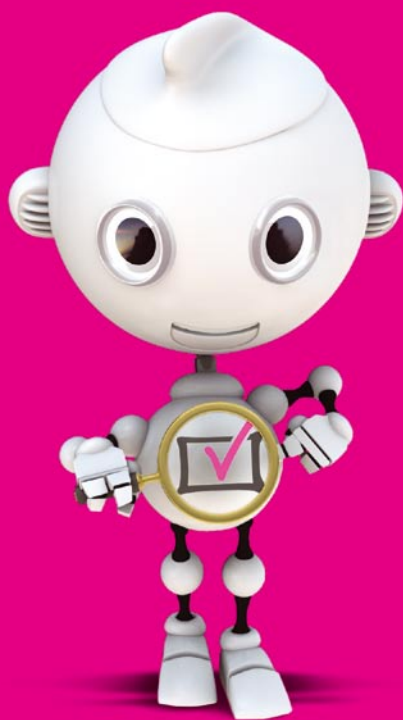
Whitehaven, in Cumbria, and the surrounding area, has been chosen to be the first to switch to digital TV in October 2007. Three transmitters will be switching early: Whitehaven (at Bigrigg), Gosforth and Eskdale Green. Digital UK is working closely with Copeland Borough Council and other important local organisations to ensure that everyone gets the help they need.



**“It’s fair to say that we’ve been in the loop from the very beginning of Digital UK’s planning for the Border region, and I think they’re approaching it in the right way by appointing a Regional Manager who also knows this area well.”**

Jason Gooding, Deputy Chief Executive, Carlisle City Council





# Switchover: monitoring progress



National awareness of switchover:

**66%**

Source: Ofcom/Digital UK tracker Q2 2006

National awareness of 'digital tick' logo:

**45%**

Source: Ofcom/Digital UK tracker Q2 2006

**It is vital to the success of the programme that we measure our own progress, and that of the market. The TV equipment market is fast-changing and innovations such as HD, mobile TV, and the size of IDTVs are just some of the developments that are having an effect on the supply chain, and the take-up of digital television.**

In April 2006, Digital UK and Ofcom set up the joint Ofcom/Digital UK Tracker, through GfK. This enables us to track our key measures of awareness, understanding, intentions to convert (and not to convert), and actual conversion, through respondents in each TV region. This data collectively adds up to a national picture.

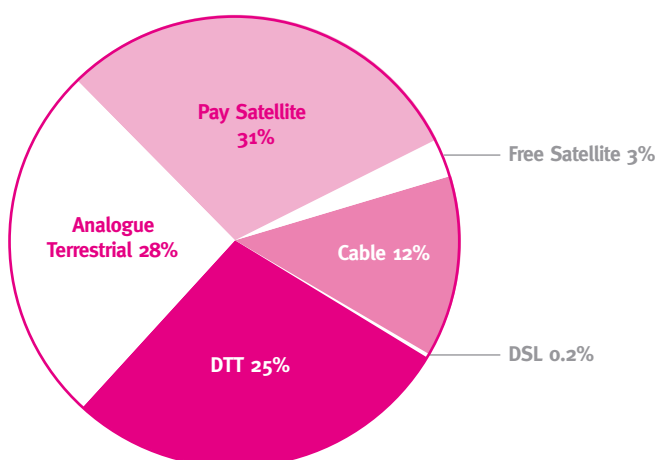
It is a market-leading tool which we share with many stakeholders. For them it is contributing to their market understanding in a time of rapid change. We can analyse data by region: for example, by socio-demographic group, by digital platform, by type of household, by TV equipment ownership, and by attitudes to switchover.

This Tracker tool also has the flexibility to have boosted questions. For example, during each communications campaign

we intend to run detailed questions on the effectiveness of the campaign and on recall of particular elements. We can use this data to optimise our campaign as it rolls forward in each region.

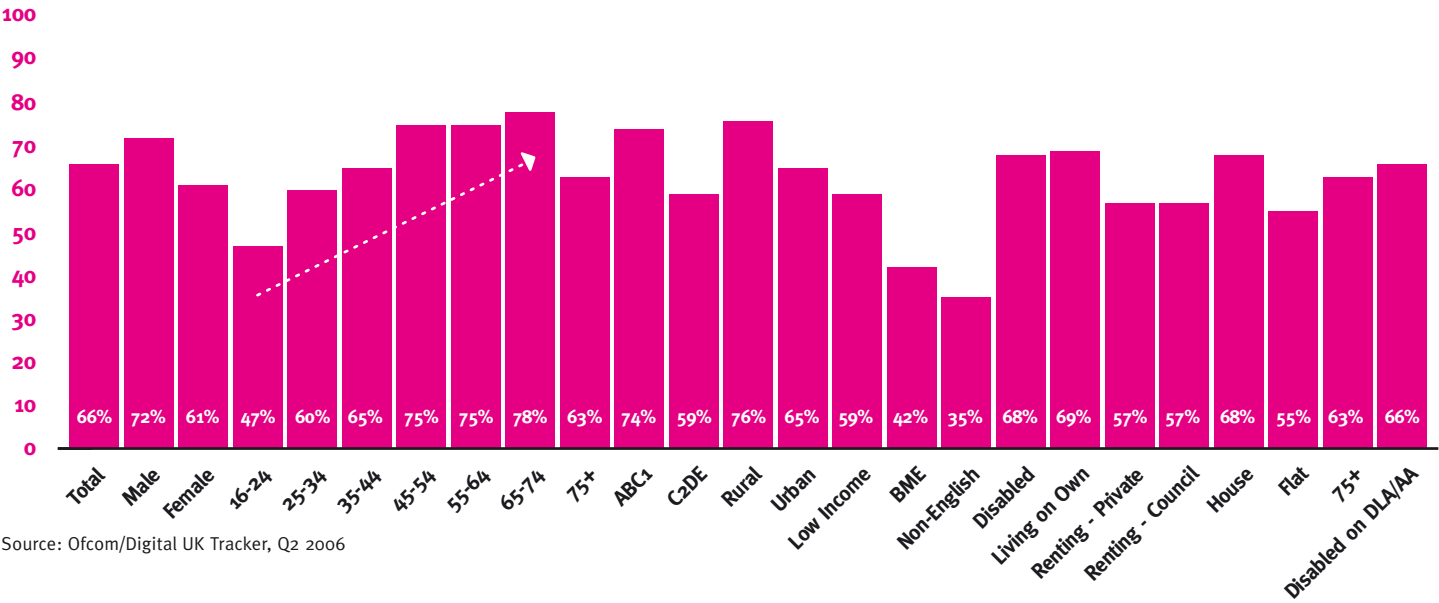
Through the Tracker we can assess the size of the task ahead. The fact that over 70% of UK households are already digital is helpful to us: but the fact that around 35 million sets remain to be converted shows that our market analysis enables us to scope the true size of our challenge to a much greater depth.

**Analogue only homes the minority  
31 March 2006. (As re-stated by  
Ofcom on 4 October 2006)**

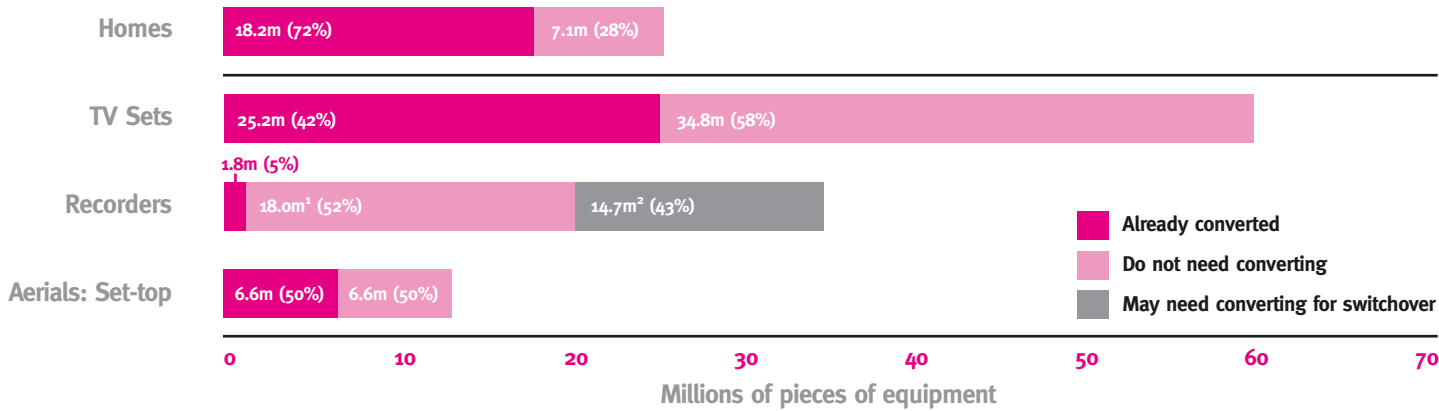


Source: Ofcom/Digital UK Tracker, Q1 2006

Awareness of Digital TV switchover: Q2 2006



Equipment Conversion Status



Total equipment required to be connected: up to 60m

<sup>1</sup> 55% of analogue recorders not used for independent recording, and therefore OK for switchover.

<sup>2</sup> 45% of analogue recorders used for independent recording, and may therefore need to be replaced for switchover.

Source: GfK LekTrak, Ofcom/Digital UK Switchover Tracker, Q2 2006

“At our regular meetings, Digital UK is good at listening to the inevitably wide variety of comments they get from the supply chain, even when they don’t agree. The important thing is that they’re open and honest with us, and we feel confident in the team.”

Liz Rhodes, Category Marketing Manager – Home Entertainment, Comet

## Switchover Dashboard: By Region Q2 2006

	Base Size	1 Awareness		2 Understanding		3 Attitudes	4 Intentions to convert			5 Conversion			6 Satisfaction
		a - Switchover	b - Logo	a - Concept	b - Date	Positive/Neutral	a - Convert at least one set	b - Will not convert any set	c - Analogue h/holds to cnvrt 12m	a - Primary set converted	b - Other sets converted	c - Full h/hold converted	With digital TV
National	2522	66%	45%	64%	N/A	67%	88%	3%	10%	74%	34%	37%	77%
1 - Border	427	82%	54%	76%	49%	72%	91%	3%	5%	69%	40%	39%	79%
2 - West Country	300	77%	44%	75%	12%	67%	88%	2%	12%	71%	30%	32%	80%
3 - Wales	325	71%	45%	66%	12%	66%	90%	2%	4%	83%	44%	49%	83%
4 - Granada	314	64%	42%	57%	7%	68%	87%	5%	12%	79%	40%	41%	83%
5 - West	80*	75%	40%	62%	18%	61%	79%	2%		63%	36%	32%	
6 - STV/Gramp	137	62%	42%	64%	12%	72%	89%	3%		76%	47%	47%	84%
7 - Central	179	66%	45%	66%	2%	65%	91%	1%		76%	33%	39%	72%
8 - Yorkshire	172	67%	41%	63%	4%	59%	92%	4%		77%	29%	28%	74%
9 - Anglia	145	68%	39%	53%	3%	60%	88%	3%		68%	29%	27%	79%
10 - Meridian	152	79%	45%	73%	15%	65%	83%	8%		68%	34%	42%	71%
11 - London	174	59%	54%	66%	14%	77%	88%	1%		71%	27%	34%	77%
12 - Tyne Tees	76*	68%	48%	62%	16%	68%	95%	0%		89%	37%	39%	86%
13 - Ulster	41**												

Ulster sample sizes currently too small to report on a quarterly basis; data to be provided 6 monthly with first report in Q3 2006

\* Very small base size - data should be viewed as indicative only

\*\* Extremely small base size - data omitted

Source: Ofcom/Digital UK Switchover Tracker, Q2 2006

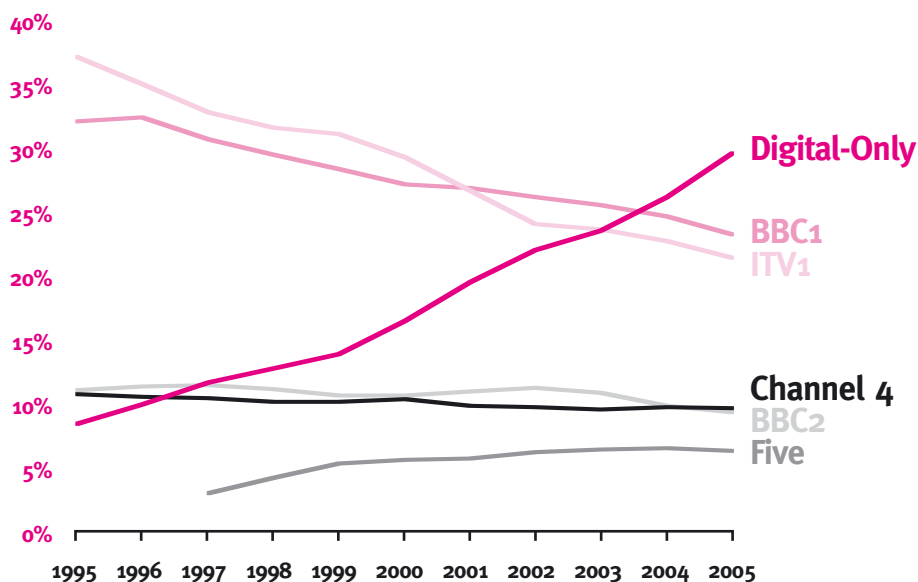
## Switchover Dashboard: By Consumer Group Q2 2006

	Base Size	1 Awareness		2 Understanding	3 Attitudes	4 Intentions to convert			5 Conversion			6 Satisfaction
		a - Switchover	b - Logo	a - Concept	Positive/Neutral	a - Convert at least one set	b - Will not convert any set	c - Analogue h/holds to cnvrt 12m	a - Primary set converted	b - Other sets converted	c - Full h/hold converted	With digital TV
National	2522	66%	45%	64%	67%	88%	3%	10%	74%	34%	37%	77%
Male	1194	72%	49%	72%	73%	90%	3%	10%	74%	35%	39%	80%
Female	1328	61%	41%	56%	63%	87%	3%	22%	73%	33%	35%	75%
16-24	279	47%	45%	49%	73%	88%	4%		82%	34%	37%	80%
65-74	326	78%	48%	77%	67%	87%	4%	6%	67%	23%	30%	73%
ABC1	1150	74%	44%	71%	70%	90%	2%	9%	74%	33%	35%	76%
C2DE	1372	59%	45%	57%	65%	87%	3%	11%	73%	36%	39%	78%
Rural	469	76%	42%	70%	61%	89%	1%	6%	70%	37%	38%	83%
Urban	2053	65%	45%	63%	68%	88%	3%	11%	74%	34%	37%	77%
Low income	581	59%	46%	59%	63%	84%	4%	10%	68%	26%	40%	82%
BME	102	42%	56%	41%	71%	87%	2%		75%	19%	44%	74%
Non-English	101	35%	56%	33%	75%	74%	2%		69%	37%	54%	75%
Disabled	456	68%	47%	64%	55%	83%	6%	3%	71%	32%	36%	77%
Socially Isolated	29**											
Living alone	479	69%	37%	66%	62%	82%	6%	8%	53%	21%	31%	79%
Rent private	276	57%	47%	58%	69%	82%	5%	9%	60%	27%	38%	84%
Rent council	469	57%	49%	53%	63%	88%	4%	6%	73%	43%	42%	81%
House	2219	68%	44%	65%	68%	89%	3%	7%	76%	34%	36%	78%
Flat	269	55%	50%	56%	67%	84%	4%	7%	60%	33%	42%	76%
THS - 75+	232	63%	39%	59%	55%	76%	8%	1%	45%	25%	33%	81%
THS - DLA/AA <75	134	66%	47%	61%	59%	84%	5%		71%	39%	39%	85%

\* Very small base size - data should be viewed as indicative only

\*\* Extremely small base size - data omitted

## Digital-only channels account for more viewing than either BBC1 or ITV1



Source: BARB

## Targets

We have built a model which enables us to set targets against timelines for our key measures, by region. At any time we can gauge if we are ahead, on or behind target and thus adjust our plans.

Our key targets are as follows:

- 100% awareness 12 months prior to switchover
- 100% understanding for those responsible for converting their own sets 6 months before switchover
- 100% conversion of first sets at the end of the transition period for those choosing to convert their TV sets.

“Digital UK’s region by region market intelligence and business planning will be very important for supply chain planning. Only with detailed knowledge of demographics and take-up rates can we put in place the mechanism to make sure that we supply the right digital equipment at the right place, and at the right time. We’ve been consulted on their marketing and communications plans, and the national campaign that took place just after this first year of operation was an excellent example of how we’d like to work going forward.”

Laurence Harrison, Intellect

# Switchover: communications and assistance

Switchover affects everyone in the UK, younger and older, the technology-savvy and the technophobes, the socially isolated and the vulnerable. No-one should be left behind.

The scale and complexity of our public information campaign is unprecedented.



Campaign highlights

- September announcement 2005
- Border region campaign November 2005
- National launch May 2006

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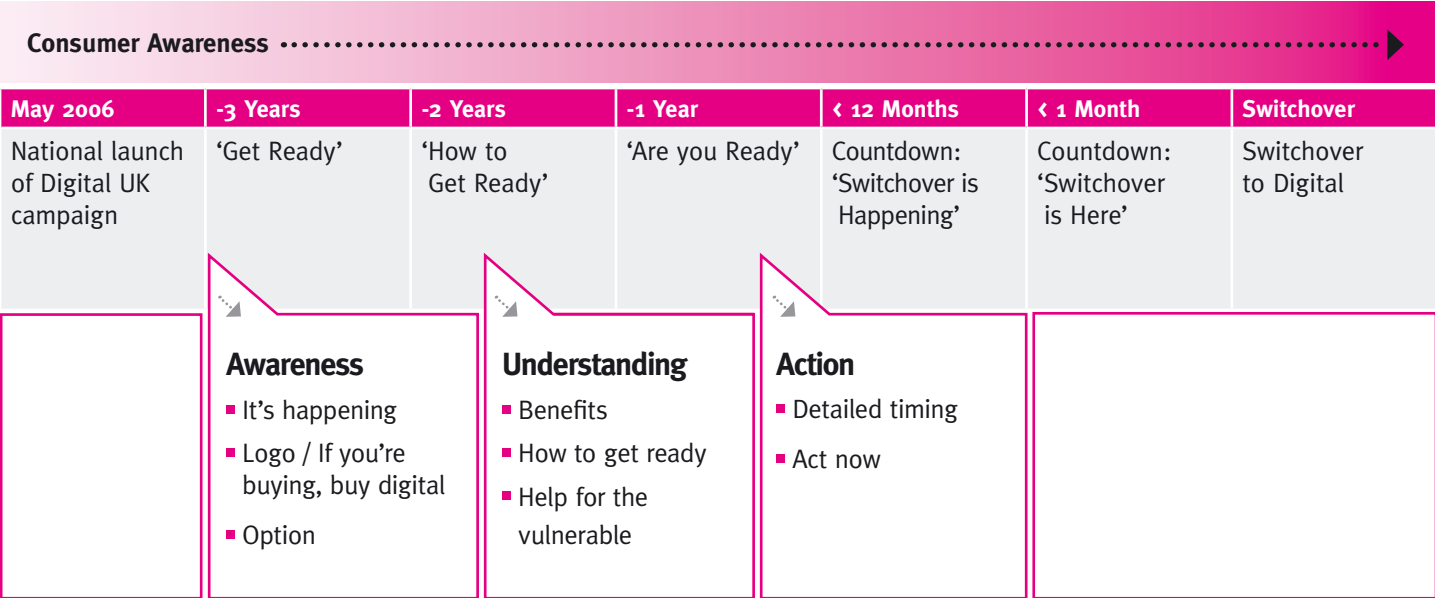
In the financial year we went through the process of planning and budgeting for the 7-year communications and assistance programme, as well as recruiting agencies for activities including advertising, direct marketing, media planning and buying, public relations, retail marketing, public affairs, brand design, web design, contact centre operation, and the administration of the ‘digital tick’ logo scheme. We also recruited specialist suppliers to help us with, for example, Welsh language translation, the production of large print, Braille and audio materials.

On 5 May 2006, we launched our national awareness building campaign, focusing on awareness and the date, and asking people to ‘look for the logo’ on national media. We also ran campaigns in Border, West Country and Wales using regional media (including

BBC and commercial), and distributed over 2.4 million information leaflets to households in those areas, setting out the facts and the benefits. This was complemented by building ‘digital tick’ logo usage with retailers and manufacturers.

- For the significant number of homes which are all-analogue, around 7 million in number, we have an even greater communications task: to explain not only the essence of switchover, but the nature and advantages of digital television itself.
- Regional variations in coverage, languages spoken and different forms of social isolation all contribute to the fact that whilst we must continue with awareness and understanding, our information campaign needs to reach out to all.

Communications Timetable



Source: Ofcom/Digital UK Tracker, 01.2006





## The Help Scheme

**To help the vulnerable, the Government and BBC are in the final stages of setting up the digital switchover Help Scheme which will provide support and assistance to people who are over 75, or severely disabled (on Disability living Allowance or Attendance Allowance), or registered blind or partially sighted. This assistance will be provided at a subsidised level for all, and is free to those on Pension Credit or Income Support. Learnings were gained from the trial held in Bolton in 2005.**

## Stakeholder management

As part of the Consumer Expert Group (CEG), Digital UK works closely with groups such as Help the Aged, Age Concern, the RNIB, RNID and Citizens Advice Bureaux to ensure that our communications and assistance is delivered in an appropriate way to these groups.

In addition, through our Public Affairs team, Digital UK is working with MPs, and their colleagues in the devolved parliaments and assemblies of Scotland, Wales and Northern Ireland.

We have delivered one-to-one briefings in the national parliaments; exhibitions at the three major party conferences; and a particular focus on MPs whose constituencies will be the first to make the digital switch. Digital UK sends out regular communications to a stakeholder database, including all MPs.

We are consulting closely with local authority housing associations in the lead regions, and working with partners such as Sky Homes, the Chartered Institute of Housing and others on the key messaging surrounding the need to upgrade shared aerials on multi-dwelling properties.



Border Leaflet



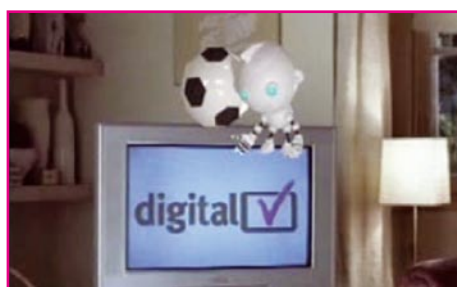
West Country Leaflet



Wales Leaflet



Granada (North-West) Leaflet



'Look for the logo' TV, May 2006

**“I have worked with Digital UK from their first days, both as Chair of the Consumer Expert Group and in my role at the RNIB. I’ve been pleased to see how one of the key issues raised by switchover – usability of new equipment and services – has been recognised at the top of the organisation by Ford Ennals.”**

Leen Petre, Royal National Institute for the Blind and Chair of the Consumer Expert Group



'Digit AI' in-store



Point of Sale materials

**“We’ve established a good two-way dialogue. They requested our input into their consumer literature, as well as asking me to sit on the interview board to appoint their Regional Manager for the Border region. So I certainly feel they’re keen to hear things from a consumer perspective. But with the clock ticking, the next year is going to need to show even more progress, on everything from the targeted help scheme to protecting consumers from cowboy installers.”**

Trisha McAuley, Head of Corporate Resources, Scottish Consumer Council



digitaluk.co.uk





**“We are 100% supportive of their plans. Digital UK has made**




**enormous strides in a short space of time in raising the profile of switchover, and the ‘digital tick’ logo has also been a crucial part of the mix. We were pleased they heeded our advice that sign-up to the scheme should be free. In return, we’ve seen over half our members sign up already, with more and more coming on board every month.”**

Mark Hayward, Chief Executive, RETRA, representing 2,400+ independent electrical retail outlets

## The digital

In late 2005, Digital UK took over the task of administering and developing the ‘digital tick’ logo scheme from its owners, the Department of Trade and Industry.

As well as delivering vital brand recognition in-store, the logo will represent some important aspects of consumer protection.

- Manufacturers warrant that any equipment that carries the **digital ** is designed to be switchover-ready.
- Retailers who display **get set for digital ** stock certified products. Instore staff are able to qualify as digital advisors and to carry the ‘ask digital’ badge if they have undergone a training programme about the switchover to digital TV.
- Registered Digital Installers (RDI) who carry the **digital ** have undergone a specialist training programme and background check.

### Manufacturers including:



### Retailers including:



Also available at many independent electrical retailers

*retra*

# Financial accounts in a nutshell



**This section includes Digital UK's Profit and Loss account and Balance Sheet for 2005/6. Our auditors are Grant Thornton UK LLP. These accounts have been given an unqualified audit.**

**Copies of Digital UK's accounts are available on request.**

## Source of funds

Digital UK operating costs are funded by Board Member Companies.

Digital UK Communications and Assistance costs are funded by the BBC.

Digital UK is registered as a not-for-profit company limited by guarantee.

## Profit and Loss

### Digital UK Limited Company limited by guarantee

Profit and loss account for the period ended 31st March 2006

	Period ended 31/03/06
	£
<b>Turnover</b>	4,046,580
Cost of sales	(1,906,008)
<b>Gross profit</b>	2,140,572
Administrative expenses	(2,149,576)
<b>Operating loss</b>	(9,004)
Other interest receivable and similar income	12,287
Interest payable and similar charges	(948)
<b>Profit on ordinary activities before taxation</b>	2,335
Tax on profit on ordinary activities	(2,335)
<b>Profit on ordinary activities after taxation</b>	-
Retained profit for period	-

## Balance Sheet

**Digital UK Limited**  
Company limited by guarantee

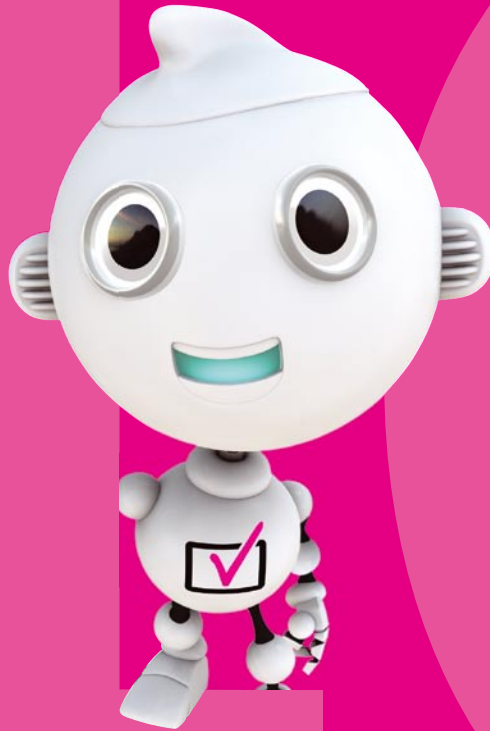
Balance sheet  
as at 31st March 2006

	Period ended 31/03/06	
	£	£
<b>Fixed assets</b>		
Tangible assets		265,420
<b>Current assets</b>		
Debtors	382,101	
Cash at bank and in hand	425,132	
	807,233	
<b>Creditors: amounts falling due within one year</b>	(1,072,653)	
<b>Net current liabilities</b>		(265,420)
<b>Deficiency of assets</b>		-
<b>Capital and reserves</b>		
Profit and loss account		-
Members' funds		-





# Jargon Buster



<b>Analogue signal</b>	The broadcast signal which delivers just five TV channels* to your set via the aerial. *Not including other services and regional variations.
<b>Audio description</b>	Audio description is an additional narration that fits between dialogues in TV programmes and describes what is happening on-screen for those who have difficulty seeing.
<b>Communal system</b>	Where a signal is distributed through a building (e.g. a block of flats) using a wiring system, sharing the same signal source. (See IRS and MATV).
<b>Coverage</b>	The areas that can receive digital television – you can check whether you are in digital TV coverage using the postcode database at <a href="http://digitaluk.co.uk">digitaluk.co.uk</a>
<b>Digital signal</b>	Television images are sent as compressed data which is then unscrambled by a digital box. The signal is sent by cable, satellite or through the air to your aerial.
<b>Digital box</b>	Needed for watching digital TV – it unscrambles digital signals and turns them back into sound and pictures. (Also see IDTV)
<b>Digital switchover</b>	The process of switching over the UK's current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.
<b>Digital Television Recorder (DTR)</b>	A digital receiver that is also able to record programmes to a hard drive, sometimes known as a PVR (Personal Video Recorder). A DTR with a built in digital box (tuner) will enable you to watch one programme while recording another, if the television receives its own digital signal.
<b>Digital Terrestrial Television (DTT)</b>	DTT is transmitted through an aerial. In the UK this includes the Freeview service (which includes the terrestrial channels, BBC One, BBC Two, ITV1, Channel 4 and Five) and for an additional monthly subscription, Top Up TV.
<b>EPG: Electronic Programme Guide</b>	Electronic Programme Guide: an on-screen listing of TV channels and programmes. You can use one to go to the programme you want, or to select something to record.
<b>Freeview</b>	The main UK DTT service that is transmitted through an aerial. No subscription is required. See also Top Up TV.
<b>High Definition Television (HDTV)</b>	HDTV is a new technology that will enable viewers to get higher definition television pictures. HDTV has four times as many pixels (dots on the screen) as standard TV broadcasts, meaning a clearer picture and detail on large-screen TVs. An HD-ready TV is not necessarily a digital TV.
<b>Integrated Digital Television (IDTV)</b>	A TV with a built-in digital receiver which lets you receive Freeview channels through your aerial with no need for an additional digital box.
<b>Integrated Receiver System (IRS)</b>	A shared reception system, common to flats and hotels, that enables delivery of television, radio, and internet services around the same distribution system, from a single wall plug.
<b>Master Antenna TV (MATV)</b>	A communal aerial system that uses a master aerial to receive the signal before it is distributed.
<b>Scart Lead</b>	The best way to connect one TV product to another. It connects the picture and stereo sound in one 21-pin plug. Usually used to connect a television with a video or a digital box.
<b>Spectrum</b>	The electromagnetic spectrum is the set of radio frequencies used to transmit television, radio and other forms of electronic communication.

## Digital UK staff as of April 2006

<b>Ian Adams</b>	Head of Business Development
<b>Greta Baisch</b>	Research Executive
<b>Lee Bassett</b>	EA to Ford Ennals
<b>Nicola Beykirch</b>	PA to Andy Townend
<b>Emyr Byron Hughes</b>	Regional Co-ordinator
<b>Diana Cashin</b>	Programme Co-ordinator
<b>Ford Ennals</b>	Chief Executive
<b>Mark Evans</b>	Technical Consultant
<b>Kate Greenough</b>	Marketing Assistant
<b>Mike Hughes</b>	Director of Broadcast
<b>Kirsten Mackay</b>	Marketing Manager
<b>David Mortimer</b>	Head of Public Affairs
<b>Jane Ostler</b>	Head of Marketing
<b>Alex Pumfrey</b>	Director of Strategy and Policy
<b>Joe Smithies</b>	Press Officer
<b>Jon Steel</b>	Head of Media Relations
<b>Julianna Thompson</b>	Broadcast Executive
<b>Beth Thoren</b>	Director of Communications
<b>Andy Townend</b>	Director of Operations



